Major racket flourishing in multiple share applications

986. PROF. VIJAY KUMAR MALHOTRA: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of Government has been drawn to the news-item appearing in the Hindustan Times of 25th June, 1994, under the caption "Major racket flourshing in multiple share applications";

(b) if so, the details thereof and the action taken thereon;

(c) whether the bank officials who are responsible for the misuse of the stock-invests have been identified;

(d) if so, the details thereof; and

(e) the action taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) It has been noticed that in some of the recent public issues, large scale benami share applications have been lodged using the instrument of Stockinvest'. The Income Tax Department had conducted an investigation into the allegation that there were a large number of applications made in fictitious names in respect of the public issues of equity shares by State Bank of India, and had seized certain share certificates and refund orders from the office of the Registrars to the issue. The Income Tax Department had also restrained the Registrars from despatching some share certificates and refund orders. State Bank of India had advised the Registrars to reject all multiple and benami application, besides incomepletely/inaccurately filled applications.

(c) to (e) The Reserve Bank of India (RBI) had conducted a scrutiny of the operation of the Stockinvest scheme at the branches of a few banks in Bombay and Ahmedabad. This revealed irregularities in the working of the scheme, such as issue of stockinvest in bulk to share brokers, corporate bodies and financial institutions, issue of stock-invest against inadequate deposit, issue of pre-dated stockinvest and transfer of stockinvest to third parties, RBI brought these irregularities to the notice of the banks concerned with instructions to initiate immediate action to rectify the irregularities, including fixation of staff accountability.

Misuse of Vabal Scheme

987. PROF. VIJAY KUMAR MALHOTRA:

SHRI O. P. KOHLI:

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 2612 given in the Rajya Sabha on 15th March, 1994 regarding misuse fo VABAL scheme and state:

(a) whether the Committee of inter-ministerial constituted by the Director-General of Foreign Trade has since looked into the Value Based Advanced Licencing Scheme;

(b) if so, the details thereof as also the outcome thereof; and

(c) the action taken by Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Yes, Sir. The inter-ministerial Committee, set up by the Director-General of Foreign Trade, examined various aspects of the Value Based Advanced Licencing Scheme, in consultation with the trade Export Promotion Councils and other Governmental agencies and recommended its continuance. However, to prevent misuse of concessions thereunder, the Committee recommended that generic entries may, as far as possible, be tightened and the input-output norms be fixed for specific products. Further, before granting value-based licences above Rs. 25 lakhs, the

bonafides and antecedents of new exporters should be duly scrutinized and adequate care and caution be exercised in respect of them.

The Committee's recommendations, accepted by the Government, are incorporated in the EXIM Policy|Procedures 1992-97 and Hand Book of Procedure Vol. (II), as amended upto 31st March, 1994, copies of which are available in the Parliament Library.

Global Tender for Mint Machinery

988. SHRI SIKANDER BAKHT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a global tender was floated for Picking, Polishing and Drying Line equipment in July, 1990 for three mints at Hyderabad, Calcutta and Bombay;

(b) whether it is also a fact that two German companies, namely M|s Max Spaleck and M|s. Bak were shortlisted;

(c) whether it is also a fact that M|s. Spaleck in its letter to Finance Secretary stated that an incorrect price comparison had been made by the Evaluation Committee where nearly 3.5 million D.M. had been wrongfully loaded to their offer;

(d) if so, whether Government have any inquiry into the alleged complaint of M|s. Spaleck; and

(e) what action has been taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEHAR MURTHY): (a) Yes, Sir.

(b) Only two offers were received both from German firms, viz. M|s. Spaleck and M|s. Bak.

(c) Yes, Sir.

(d) and (e) On close examination of the case, it was found that the allegation of M|s Spaleck was false and totally baseless.

Smugglers and Hawala Operators

989. SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that economic liberalisation has created a haven for racketeeras, smugglers and hawala operators who are exploiting 'lucrative' schemes to rob the exchequer of foreign exchange worth crores of rupees;

(b) whether his Ministry has at any stage conducted an analysis of recent cases involving hawala transactions, if so, its modus operandi and the Ministry's findings;

(c) the estimated loss of foreign exchange to the Government at different levels; and

(d) the effective steps being taken to bring to book the racketeers exploiting liberalised policies particularly the hawala operators and plug the loopholes in the existing scheme of things?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (d) The information is being collected and will be laid on the Table of the House.

Foreign institutional investor

990 SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether the hawala route has found favour with brokers in their mad scramble to convert their proprietary business cards into corporate cards in a bid to get a piece of the FII business cake;

(b) if so, modus operadi of this racket; and

(c) what effective steps Government have taken to put a stop on this racket?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The information is being